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OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

18 AUG 1970

MEMORANDUM FOR MR. FROEBELKE

SUBJECT: Summary Critique of Blue Ribbon Panel Report on Intelligence

The body of the Panel Report is on the whole excellent. With certain exceptions discussed below, the report highlights the major shortcomings of the Defense intelligence community. Not since the Federal Study Group of 1960 has such an encompassing review of the Defense intelligence community been made. The report outlines the interrelationships of the major components of the Defense intelligence community and describes in blunt and direct language many of its major problems.

The recommendations of the panel are in the main cogent and I support them. The establishment of an Assistant Secretary of Defense with the responsibility to direct all DOD intelligence activities including national programs would provide an unambiguous policy management for the Defense intelligence community.

With respect to the general recommendations on restructuring the Defense intelligence community (on page 47), I suggest you strongly concur.

With respect to the proposed ASD/I (DDI) and his specific responsibilities, I suggest you also concur.

With respect to the formation of explicit functions under the ASD/I (DDI) to direct all Defense intelligence collection and production activities, (i. e., DSECC and DIPA) I suggest you concur. However, I believe a major problem exists in the vagueness of recommendations on processing, reporting, and dissemination responsibilities attributed to the DSECC. Thus, I suggest you take the following exceptions with respect to these recommendations.

DIA and OSD have no objection to declassification and release.

DIA and OSD review(s) completed.

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- a. Processing: In view of the fact that the primary function of processing is to provide collected raw intelligence in a format suitable for production use, the processing output format should be determined by the production function, in this case, the DIPA.
- b. Reporting: The DIPA should be responsible for all intelligence reporting to non-intelligence consumers. If DSECC is allowed to make intelligence reports to consumers, the production function and its control embodied in DIPA will soon be dissipated.
- c. Dissemination: In a similar context the DIPA should be responsible for all intelligence reports dissemination to non-intelligence consumers.

One major shortcoming I find with the panel report and its recommendations is that it does not systematically relate the intelligence processes which it discusses to the organizations it establishes in the recommendations. A large part of my detailed critique in the attached Memorandum for the Record deals with this problem and its consequences.

Wallace E. Seidel
Wallace E. Seidel
Director of CIRIS

Attachments

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13 AUG 1970

MEMORANDUM FOR THE RECORD

SUBJECT: Critique of Blue Ribbon Panel Report on Intelligence

The Blue Ribbon Panel Report on intelligence contains two specific sections. The first section discusses the problems and ills of Defense intelligence and its management. The second section offers a series of recommendations which are designed to result in a more efficient and effective Defense intelligence organization.

The panel discussion of the shortcomings of current Defense intelligence organization is on the whole quite excellent.

The brief Part I on the intelligence community clearly points to

- a. the need for consideration of Defense inputs to USIB
- b. the lack of consumer input and
- c. the watered-down estimate problem.

The Part II of the report deals with Defense intelligence.

The discussion of the Cryptologic program primarily centers upon the problems of DIRNSA management control over the SCA's. The report fails to point out the problems of (1) the relationships of NSA to the production function embodied in the NSCID 6 enjoinder regarding "production of finished intelligence", the "technical information problem," and the inability of production to identify the sources of information in COMINT reporting" as noted in the DINS report, and (2) the problems of OSD evaluation of the COMINT input relative to other sensors for any given target objective.

The discussion of the General Defense Intelligence Program clearly points out the problem of DIA and its relationship to OSD, JCS, and the Services.

In the Panel Report's discussion of the intelligence process the preceding remarks note the lack of a mechanism to effect a proper resource balance between the process functions and notes that there is

evidence that (a) much more information is being collected than processed and (b) "unquestionably" more can be processed than can be used in production.

The main point in the discussion on collection is that there is no effective mechanism for economically relating collection resources to need. The processing discussion fails to recognize that processing presents a major problem for intelligence management. For example, although the report recognizes the processed output must be in a form suitable for use by the production function, it fails to note that (a) the key problem is one of what specific information regarding the source is passed to the producer; (b) the inability of the producer to control processing output form particularly when processing is controlled by the collector (e.g. the COMINT case); (c) that processing also provides feedback information to collection and when collector dominated, that function tends to dominate the major purpose of processing; and (d) that the processing function provides a natural base for deriving individual sensor information gain relative to a given target while only the production function can provide the net or integrated information gain relative to all sensors for a given target.

The discussion of Production clearly points out the DIA problems but fails to note the inputs to any ASD/I management evaluation program which the production function must make. It does not systematically discuss the relationship of the producer to requirements of all kinds, and to the collection, processing and management function.

The discussion of Evaluation is prefaced with the note that "only a small proportion of the intelligence produced is useful." The panel fails to discuss evaluation in terms of management ability to determine consumer needs and product value to the consumer.

The discussion of Special Programs is necessarily limited by the classification of the report. Although the panel recognized the problem of the "National" program relation to community and defense intelligence it failed to follow through in a discussion of the existing committee problem.

The Recommendations

The recommendations on the functions of the ASD/I (DDI) are probably vague in several areas because of the classification problem.

For example; it is not explicit with respect to the relation of the ASD/I to the current high level committee for Special Activities, or the Special Activities themselves.

The responsibility to direct all intelligence activities does not specifically include all intelligence related R&D although this is implied.

The problem of review and evaluation procedures of the new ASD/I have not been dealt with explicitly and systematically in the Blue Ribbon Panel Report.

In any evaluation concept of the Defense or community intelligence system certain basic functions or processes must be carried out.

(1) First, we need to know who the players in the game are, what resources they have, and how those resources are distributed by intelligence function and objective. This is the function of CIRIS in the evaluation effort.

(2) Second, we must know how we know what we know. That is to say, we must have an explicit knowledge of (a) experienced sensor information gain relative to specific sensors and specific targets. This can most easily be accomplished by ASD/I tasking of sensor processing and the setting up of individual sensor or station data bases relative to specific substantive targets.

(3) Third, we must have an integrated or net output of all sensor experienced information gain relative to specific substantive targets. Since the production function is the locus of the integrated data base for any substantive target, DIPA must provide this input to ASD/I evaluation effort.

(4) It should be understood that experienced sensor information gain or net (all sensor) information gain for any given target, only provides an explicit empirical expression of knowledge or information gained. It does not provide the relative value of the information gained.

(5) The value of the intelligence service can only be derived from the consumer of the service. The panel report makes several reference to the lack of consumer inputs in the intelligence process.

Intelligence value analysis has two sources of data. The first, is a direct and explicit expression of consumer need (i. e., the so called consumer requirement). In a world of multi-consumers both horizontally and vertically organized bureaucratically consumer need analysis is an essential function of the ASD/I evaluation effort.

The second source of value data is feedback function from the consumer to intelligence. This involves "Product Evaluation"^{1/} and must also be organized as an explicit effort in the ASD/I Evaluation effort.

(6) The final and probably most important facet of the ASD/I evaluation program is the projection of resource capabilities for all functions and consumer needs in order to evaluate decisions on procurement and R&D resources as they relate to specific substantive targets and objectives. (i. e., true resource planning related to objectives).

In this instance, the final input necessary are

- (a) target projections derived from estimates and threat assessments.
- (b) technical characteristics data for systems which have not yet been operational and
- (c) R&D project definitions related to intelligence objectives.

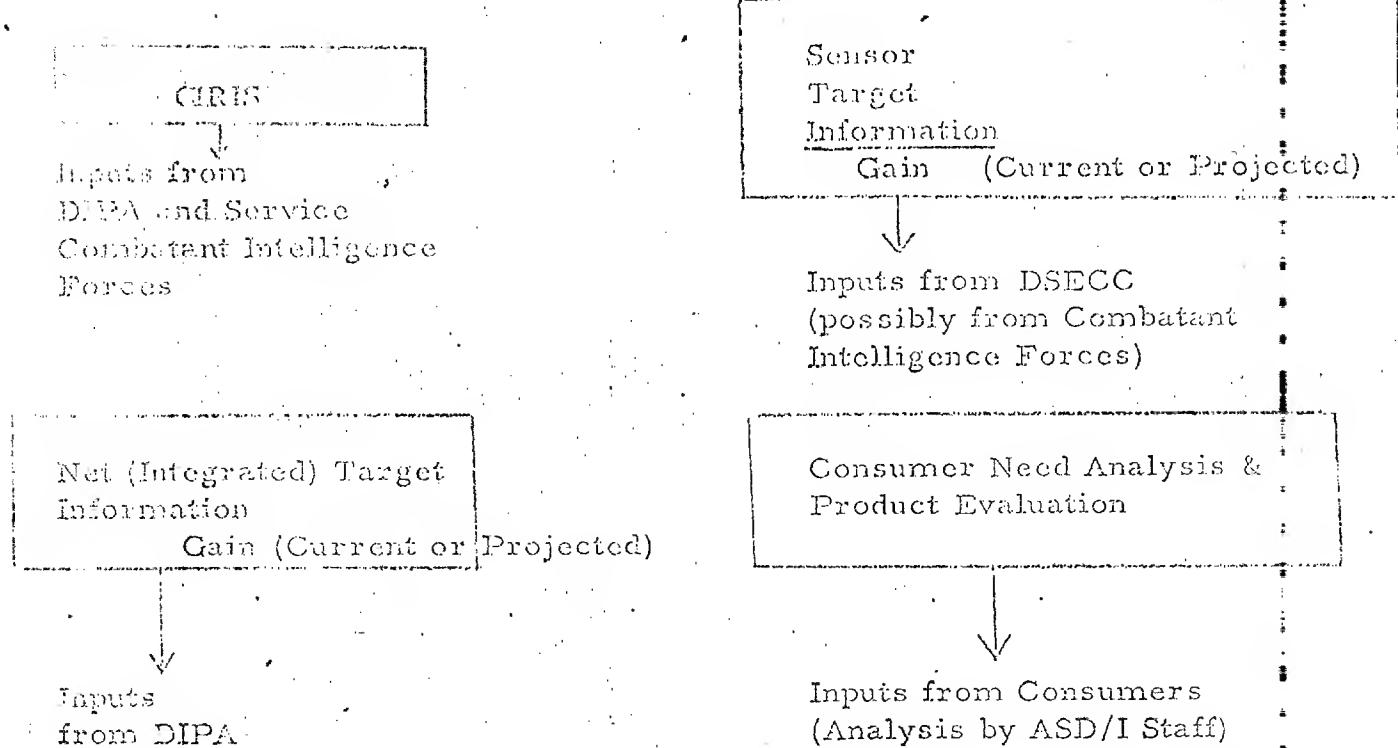
(7) Again all of this data should flow through the production function in order to get DIPA to provide the relative expected information gain for all individual sensor resources with respect to a given substantive target or objective.

By way of summary of an ASD/I evaluation program relative to consumers and his DSECC and DIPA arms, the conceptual diagram is as follows:

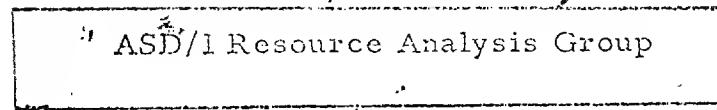
E/ I have attached Don Harris' paper as the best available exposition of the Product Evaluation problem.

ASD/I Evaluation Program Concept

Input Structure



Output Structure



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The recommended responsibilities of the DSECC raises significant problems and again there is a vagueness with respect to definitions and relations.

For example,

"The DSECC should perform those processing activities which are most efficiently associated with collection facilities." This provides no specific criteria and begs the processing relation to the production function and the management evaluation problems of the ASD/I.

If processing must put raw collected data in a form suitable for use by the producer, the producer must be able to control format and data inputs. He has not historically been able to do this when processing has been controlled by the collector.

This also becomes a problem in the first responsibility listed for the DSECC particularly with respect to "reporting". The problem of "Finished Intelligence" as a production function has been with us for years. Does NSA produce finished intelligence or doesn't it? NSC1D 6 says no! The direct passage of NSA intelligence to the White House and on down may... otherwise. The DSECC control of all collection resources will only serve to accentuate this problem, unless its reporting and dissemination outside of the community is controlled by DIPA. One answer may well be to take a large part of NSA Production and Reporting and place it under the DIPA.

The DSECC is also to serve as Director of NSA. What then is his relationship to the Director's of Special Activities since DSECC is to command all Defense collection activities? Why is he not also Director of those Special Activities and also Director of the specific collection activities now found in the GDIP?

DSECC is responsible to insure the most judicious use of common staff elements between his DSECC and NSA. Why not also include the staff of the Special Activities and DIA collection staff?

DSECC responsibility (4) again raises the reporting problem and its relation to Production (DIPA). Should not DIPA have a control voice in DSECC dissemination of intelligence information particularly to consumers?

Something should be said of the DSECC responsibility to the ASD/I for reporting specific sensor information gain relative to a given target and a given collection resource. As noted earlier the sensor processing function presents a natural location for the individual sensor data base as it relates to specific substantive targets. Obviously, the target designation must be of common definition for both DSECC and DIPA.

The point is that although the DSECC sensor data base may reveal an information gain relative to a given target the integrated substantive Data Base of DIPA must determine whether the gain is a net one relative to the known or projected target knowledgability.

The substantive responsibilities of the DIPA are clear but what is not clear is his management responsibilities relative to the ASD/I evaluation effort. For example, should not the DIPA be responsible for the integrated evaluation of current net information gain for all sensor relative to given targets?

Recommendation number 4 is unnecessarily vague and could present serious management problems to the ASD/I. For example,

a. Expand the NSA responsibilities in what specific manner by what criteria?

b. Again the processing and reporting problem as it relates to DIPA and the production function is present.

c. What does "Data Base Maintenance" mean? The integrated substantive data base is maintained by the production function (DIPA). What "Data Base" does DSECC or NSA maintain?

As a final note the report does not deal with the impact of Defense Executive Agent resource decisions as they relate to non-Defense agencies. Nor does it deal explicitly with the problem of "National" program resources managed by non-Defense agencies or non-Defense resources for all functions which provide intelligence inputs collection, processing and production on Defense matters (both to the Defense and the National decision level). In view of the ASD/I evaluation function and the NIRB evaluation function at the National level, the question may well be asked whether committees at the national level as presently constituted are needed or desirable. It would appear that the ASD/I and the DCI have

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passed the stage of making judgments without adequate staff support on single collection programs proposed by single program officers who cannot and do not assess the impact of other collectors, processors, producers, and the consumer needs of policy decision makers.

Operating resource managers are to be denied the policy management sovereignty over their individual efforts, if the panel recommendations are implemented. Modern intelligence is a complex system with interrelated collection, processing production, support, and management subsystems. Policy management decisions cannot be fragmented in terms of individual operating management power if efficiency and effectiveness are to be gained at lower fiscal inputs. The operating barons will merely share the reduction with little regard for impact on efforts and functions not within their direct management concern. This was in fact, the primary modus operandi in formulating Intelligence Fiscal Guidance in the FY 1972 CDIP exercise. We cannot allow it to happen again, if intelligence is to be an effective service to National and Defense decision and less an end in itself.

Wallace E. Seidel

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Director of CIRIS

June 15, 1970

PRODUCT EVALUATION - A SUGGESTED APPROACH

I. What is Product Evaluation?

Product evaluation is the process by which an intelligence organization determines the effectiveness of specific products sent out to meet the requirements levied by the consumer. The requirements may be explicitly stated or only implied by the current activities of the consumer. But in any case they are within the general guidelines regarding priority of intelligence objectives. The evaluation of specific products is an input to the larger tasks of program evaluation.

The simple approach to product evaluation is for the intelligence producer merely to ask the consumer how he, the producer, is doing. Is the piece of information presented, whether a single fact relating to a weapons system or a major complex estimate, that which the consumer requires to do his planning or to take a decision? Is it timely? Is the format most useful? Is there sufficient context to make the intelligence information meaningful? Is the confidence factor of the intelligence clearly understood? Is it clear to the consumer what was explicitly known and not known as the basis for the intelligence judgements?

But this simple approach has never worked. The volume of products is too great. There is a wide variety of consumers, with the variety being both horizontal and vertical in the bureaucracy. In many cases the consumer cannot really be sure what he needs in advance, or how best to formulate his requirement to gain the most effective response. The test of adequacy of the intelligence product relative to available information must in most cases await the gaining of further information or of actual developments taking place in the future. (the derivation of lesson learned).

But one might ask why is the existing system of levying requirements not adequate? Is there a pressing need for other than periodic generalized product evaluation which is implicit in a requirement system? After all the intelligence community is so organized that there is a sub-system through which requirements may be levied and passed on to the appropriate producer. These requirements state what the consumer believes he needs to know at the specific point in time (or his estimate of future needs). All the intelligence agency has to do is to respond, to fulfill the stated needs and all should be well.

However, as it has turned out, the functioning of the system has been more theoretic than effective. There have been serious problems even where the requirement is only for finite pieces of data. For example, a survey of the system for levying scientific requirements in the Army R&D community found that it was almost totally ineffectual because of the lack of communication between the ultimate consumer and the producer. Where more complex products are needed including integrated estimates of future developments, the problems of communications and more specifically of continuous feed-back remain largely unresolved. Thus, the problems that have developed in relating the USIB national estimating process to the NSSM system. Account should be taken of the fact that often the consumer's view of what he needs changes substantially between the time he lays on the requirement and when he is putting together a draft of a plan or a policy decision or looking for the threat to fit with his development problem. What inevitably happens is a learning process on the part of the consumer and an interaction in his mind (or that of his staff) relating continuing developments on the US side to those presented by intelligence. But seldom is the intelligence producer made a full partner to this learning process.

Involved also is the related major problem of ascribing priorities to the consumer's stated requirements. Given existing resources, which priorities are most necessary? The consumer has been reluctant to admit that intelligence is limited by the availability of funds. The consumer must state his priority, but in an explicit context which takes account of the many other consumers at many levels of government. But existing priority guidelines are at best too general to be effective with adjusting priorities among specific products. Thus, part of product evaluation must be to relate the specific product to an explicit order of priority.

To restate, the problem of product evaluation is to determine the extent to which products of the intelligence system are responsive to consumer needs (the planners, decision makers, weapon system developers, etc.). Part of this problem is to determine how the consumer needs are stated and whether they represent an effective communication of what in fact were the actual needs. Another part of the problem is to determine how the intelligence community is itself structured to receive the consumer statement of need - that is, who receives it, how is it communicated to the several functional areas which must be involved in filling the requirement, how does its priority within the intelligence system match that in the consumer world? Finally, part of the problem is to convince both the consumer and the intelligence officer that there is a major problem. In many instances the problem is concealed by the consumer acting as his own intelligence officer either because of his disappointment with the intelligence inputs or because he believes he in fact knows more (or his judgement is better). On the other hand, there is a traditional view held by many professional intelligence officers that they know best what should be produced.

II. What is to be done?

The problem of product evaluation is of such a magnitude that it must be met with by a permanent system. It cannot effectively be accomplished by a one-and-done effort. The intelligence organization must constantly test the extent to which its products are effectively filling its requirements. Since there is an overlap among products of the several intelligence organizations within the community, each organization should still evaluate its own products and share the information gained with its brother agencies.

The following paragraphs set forth attributes which a system of product evaluation should have and its general mode of operation.

Product evaluation can be broken down into two general phases, the first of which could be considered as preventative maintenance. Efforts would be made in selected areas to determine the possible effects of developing situations on requested products. The second phase would be the more normal effort to determine, after production, the extent to which the product fulfilled the requirement and was used by the consumer. The product evaluator must know the intelligence system, the problems of the consumer, and have access to the consumers' end studies, reports, or whatever encompasses the intelligence inputs.

Because of the multiplicity of products, the evaluation system must be capable of more than one mode of operation. In some cases, questionnaires sent to the consumers would be adequate. For others, personal contact would be required. For some the requirements system could be used for spot checking. In order to make the operation manageable the focus of effort should be determined largely on the basis of cost of product (or family thereof) and/or its position in the priority listing.

To match the dynamic nature of intelligence, the evaluation system must avoid being static in its methods. Especially among the more important consumers in the planning and policy decision echelons of government, the system should not be mechanistic but capable of reflecting changes in the situation as they impinge on requirements.

The evaluators must be made responsible to comment on how the results of their analysis of product reflects the operation of other elements in the intelligence process. Produced intelligence is the product of the overall intelligence process - collection, processing, and production. The evaluation of the end product, therefore, is in a real sense an evaluation of the functioning of the whole system and thereby becomes an important data source as to how well it is functioning. And because of this close relationship to the final process the evaluators must not be part of any producing element or will be they would be evaluating themselves.

To assist the evaluators, there should be relatively specific intelligence priorities established. These should set the guidance for the requirements levied by the consumer. While there are general principles established in the Priority National Intelligence Objectives, and Annex A of the Joint Intelligence Operations Plan, they are not specific enough to be effective, especially during a period of budgetary stringency. The evaluator can assist in the reassessment of specific priorities since he will be continuously aware of the shifting policy and planning focus within the government.

The evaluators must work closely with the program evaluation office (if not be an element therein). The reports of the evaluators concerning the changing nature of priorities and of the functioning of the intelligence process are essential inputs to the program evaluator. But in turn the program evaluator can keep the product evaluators aware of program pressures, especially of a budgetary nature, and would be able to provide price tags for the various intelligence products. The latter is an essential piece of information for use by the product evaluator. He can remind the consumer that intelligence is not a free good but one with a cost and, therefore, there must be a relative value attached to the product. There will never be funds enough to meet all felt needs.

What product evaluation be performed?

At the present time there is no established office or group anywhere in the national intelligence community that has its prime function the evaluation of product. In the past there have been single-shot efforts to review product versus requirements. But even the best of these gave no more than a snapshot in time view of the problem. Most were more concerned with the requirements system than with an evaluation of specific products. At the present time, the production staff in DIA is conducting what has been the best organized approach to the problem. (But again this is an ad hoc effort at DIA at the present time). To insure a fully effective response to intelligence needs, the intelligence community must continuously evaluate its products.

With the above considerations in mind, it is recommended that a product evaluation office be established in each intelligence agency which produces finished intelligence (CIA, DIA, State, Army, Navy, and Air Force). This office should be located as an element of the program review office. If this is not desired then it could either be in the Inspector General's office or act as an independent staff agency within the office of the director. In this case should this element be within the office responsible for production or for the processing of requirements.

This office should be staffed with senior, experienced intelligence officers. While their tours should be rotational (to maintain a dynamic review process), the tours should be for at least three years to enable the officer to become fully knowledgeable of all facets of the intelligence function, and, more importantly, of the operation and needs of the consumer world. In certain important areas, such as national level policy and planning, the intelligence officers could be augmented by experienced officers from the consumer agencies. The intelligence and operations or planning officer would work in teams, bringing both sides of the problem together in a very explicit manner.

As the problem is community wide and there is overlap both in terms of subject matter in produced documents and in the several consumers' products, evaluation should be coordinated amongst all intelligence agencies. This coordination would focus on the exchange of information concerning consumer needs, the extent to which various documents appear to meet or not to meet the needs, and the approaches being used in product evaluation. Duplication would also be discovered in this manner. The coordinating responsibility should be given to the NIPE staff of the DCI, which would be responsible for organizing and staffing an interagency committee. Within the NIPE staff, the role should be given to the staff element responsible for the NIRB, thus insuring coordination at the highest level between program and product evaluation. The NIPE staff would also have the responsibility for product evaluation of community produced papers such as National Intelligence Estimates.

The basis of operation, where possible, should include personal contact with the actual users of the specific products in the consumer agency. However, the evaluation staff by becoming aware of the operation and requirements of the consumer staffs principally involved in using intelligence could minimize the extent of direct questioning to determine the value of product requirements by the intelligence producers. With respect to existing systems for the expression of requirements, they should continue as they are but with modifications being accepted as they are developed by the product evaluation staff. The operation would also include review by the evaluators of reports, plans, studies, and policy papers produced by the consumer in order that the use of intelligence could be reviewed and where found to be deficient, improved.

The product evaluators, specifically, would execute their responsibilities by focussing on the following tasks:

1. Urge the development of more specific listings of intelligence priorities.
2. Develop a cost for major production items - either single items, periodic production of single items, or a class of production such as the case where there is a basic document followed by updating reports.
3. Rate consumer agencies and requested major items in terms of stated (or apparent) priority and cost or product. Use this as a basis for action. The extent of personal contact would be determined by the number of officers made available to the evaluation staff and the number of high priority, high cost items.
4. Within the limits of available manpower, develop a close working relationship with the consumer staffs using high priority, high cost intelligence products. Seek to improve their understanding of intelligence potential and the intelligence producers' comprehension of the intelligence need. In particular, develop an awareness of changes in requirements as a result of changing policy and/or the situation in areas critical to these policies. In some instances, the evaluator may have to deal delicately with situations where intelligence inputs become lost in the pressure to develop an agreed policy paper. While this should be reported, the fact remains that intelligence produces - but the consumer disposes. Intelligence is generally limited to the pressures exerted by the facts obtained and the cogency of its argument. It has trouble insisting it be used in any particular way.
5. Develop a system whereby consumer products which use intelligence inputs are made available for review. To determine the actual use of intelligence, each draft in the process of developing the final consumer product should be obtained. In this manner the source and use (and possible modification of) the intelligence input can be traced.

6. Develop a system for relaying changes in consumer requirements, priorities to in-being projects to the producers. Information should include current for changes as well as new statements of requirements. In some cases, this could be involved in continuous working relationships by evaluators with consumers and producers to interpret developing requirements.

7. Review the requirements system in operation and arrange for access as required and for the receipt of suggestions as they develop. Attempt to develop means whereby the requirements procedures might also be used to gain data on usefulness of what appears to be less important (less valuable?) products.

8. Work with program evaluators to clarify critical areas of intelligence requirements and consumer priorities as indicated by product use and/or suggested modification. The latter would be particularly important where it referred specifically to collection requirements.



Don A. Harris
Consultant